



DOL-OIG Highlights

March–April 2020

Highlighted Concern

The Office of Inspector General (OIG) identifies on an ongoing basis areas of significant concern that cause the U.S. Department of Labor (DOL) to be at particular risk of fraud, mismanagement, waste, deficiencies, or abuse. Below is one of our current concerns. Please visit our [Significant Concerns](#) page to learn about all DOL-OIG significant concerns.

Expediting Pandemic Response Efforts while Protecting Workers' Benefits

The OIG has previously expressed concern with the Department's ability to deploy program benefits expeditiously and efficiently while ensuring adequate oversight, particularly in response to national emergencies and disasters. The OIG renewed this concern in light of the coronavirus/COVID-19 pandemic and the unprecedented levels of funding for the Unemployment Insurance (UI) program, which has received hundreds of billions of dollars under recently enacted legislation.

Deploying UI Benefits Expeditiously while Reducing Improper Payments

The OIG has reported, for many years, on the Department's ability to measure, report, and reduce improper payments in the UI program. While total improper payments decreased year over year by 24 percent, the improper payment rate remains over 10 percent and is also designated a "high-priority" program by

Open Recommendations as of June 1, 2020

202

Open
Recommendations

\$157,240,053

Monetary Value of
Recommendations

[Recommendation Dashboard](#)

the Office of Management and Budget. The UI program paid benefits totaling \$26.91 billion during the period from July 1, 2018, to June 30, 2019. Of this amount, the estimated improper payments totaled \$2.86 billion, with an estimated improper payment rate of 10.61 percent.

Our prior audit work revealed that the Department has not done enough to formally assess the various strategies available to combat improper payments and determine which issues persist, due in part to a lack of reliable state-reported data. Furthermore, improper payments stemming from fraudulent activity continue to pose a significant threat to the integrity of the UI program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. For example, benefits paid via non-state-issued prepaid debit cards provide anonymity to those who submit fraudulent claims. The OIG

anticipates such issues will be exacerbated by the significant funding increase in response to the coronavirus pandemic, resulting in the need for greater oversight scrutiny.

The Department needs to continue its ongoing work with states to implement strategies designed to reduce the UI improper payment rate, which would include sharing best practices identified among states. The Department also needs to provide guidance to states on how to deploy resources efficiently and expeditiously, establish performance measures for activities to ensure timely delivery of benefits to those in need, and develop required reporting to improve effectiveness and accountability. In addition, the Department needs to provide timely oversight to ensure states are effectively carrying out these critical responsibilities.

Oversight of DOL Pandemic Response Efforts

Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the OIG received an appropriation of \$26 million to carry out oversight activities of DOL's response to the coronavirus pandemic. Specifically, the OIG received

\$25 million to oversee the unprecedented expansion of the UI programs provisioned by the Act and \$1 million for oversight of DOL activities supported with funds appropriated to prepare for and respond to the coronavirus pandemic. The OIG's oversight will span four phases and cover multiple DOL agencies and their activities supported by appropriated funds to prepare for and respond to the coronavirus pandemic. Areas of focus will include the following:

- At the Employment and Training Administration–Office of Unemployment Insurance, we plan to monitor the agency's CARES Act regulations and implementation guidance to State Workforce Agencies and timeliness of funds released to states and technical training provided to states.

In order to provide oversight and prevent fraud and other improper payments, we also plan to monitor benefits paid to gig and self-employed workers as well as review information technology (IT) plans and resources for continuous operations.

- At the Occupational Safety and Health Administration (OSHA), we plan to monitor the agency's efforts to protect health care workers on the front lines of this pandemic, particularly doctors, nurses, and emergency responders with increased exposure risk. We plan to also monitor OSHA's interim employer guidance issued on preparing workplaces for COVID-19 and the pandemic's impact on OSHA's operations, including the number and types of inspections.
- At the Wage and Hour Division (WHD), we plan to monitor the agency's efforts to provide outreach and enforcement to regional and district offices when implementing the Emergency Family and Medical Leave Expansion Act and the Emergency Paid Sick Leave Act in response to COVID-19. We plan to look into challenges WHD faces in implementing the agency's efforts and any action it takes to resolve the issues.
- At the Employee Benefits Security Administration (EBSA), we plan to monitor how the agency implements DOL's authority to extend certain time frames otherwise applicable to employee benefit plans and their participants and beneficiaries under The Employee Retirement Income Security Act (ERISA). We also plan to monitor EBSA's activities to implement the Families First Coronavirus Response Act and the CARES Act, which generally require group health plans to provide coverage for certain items and services related to the diagnosis of COVID-19.

- At the Office of Workers' Compensation Programs (OWCP), we plan to monitor the impact on programs as a result of COVID-19 claims from federal workers and OWCP's oversight of compensation and medical claims related to COVID-19.

New Work Started

- [Audit of the Longshore and Harbor Workers' Compensation Act Special Fund Financial Statements for the Years Ended September 30, 2019 and 2018](#) (03/30/2020)
- [Audit of the District of Columbia Workmen's Compensation Act Special Fund Financial Statements for the Years Ended September 30, 2019 and 2018](#) (03/30/2020)
- [Audit of OSHA's Guidance to Workplaces for Preventing Exposures to COVID-19](#) (04/14/2020)
- [Audit of DOL's Response to Unemployment Insurance Programs Expansion under the CARES Act](#) (04/14/2020)
- [Audit of WHD's Plan for Implementing COVID-19 Guidance and Oversight](#) (04/20/2020)
- [Audit of Home Healthcare Costs in OWCP's Energy Employees Occupational Illness Compensation Program](#) (04/21/2020)
- [Audit of COVID-19 Pandemic Impact on MSHA Inspections and Investigations](#) (04/29/2020)

Reports Issued

Review of OSHA's Referral to and Reclamation of Debt from the U.S. Department of the Treasury
[Report No. 22-20-006-10-001](#)
 (March 16, 2020)

We conducted this review concerning various allegations against OSHA officials and officials from the U.S. Department of the Treasury Bureau of Fiscal Service in response to a

request from the then Acting Secretary of Labor. Our review substantiated both allegations against OSHA. Specifically, we found OSHA officials had not been timely in referring delinquent debt to the Treasury for collection.

OFCCP Did Not Show It Adequately Enforced EEO Requirements on Federal Construction Contracts

[Report No. 04-20-001-14-001](#)
 (March 27, 2020)

We performed an audit on the Office of Federal Contract Compliance Programs (OFCCP) and found OFCCP did not adequately enforce Equal Employment Opportunity requirements on federal construction contracts.

Risk Assessment of DOL's Grant Closeout Process

[Report No. 22-20-007-13-001](#)
 (March 31, 2020)

We conducted a risk assessment of DOL's grant closeout process as required by the Grants Oversight and New Efficiency Act of 2016. We found DOL made improvements in reducing the number of open grants, including cooperative agreements that expired before October 1, 2015.

ETA Could Not Determine the Impact Its Face Forward Program Had on Participants Ages 17 and Under

[Report No. 02-20-001-03-390](#)
 (March 31, 2020)

We conducted an audit of ETA's Face Forward program to determine if ETA's goals and metrics were reliable indicators of the program's performance, and if grantees achieved those goals. We found that the goals and metrics established by ETA were not reliable indicators of the program's performance, and as a result,

ETA could not determine the impact its Face Forward program had on participants ages 17 and under.

CARES Act: Initial Areas of Concern Regarding Implementation of UI Provisions
[Report No. 19-20-001-03-315](#)
(April 21, 2020)

We issued an advisory report listing our initial areas of concern with the Department and states implementing the UI provisions in the CARES Act. The concerns presented in the report represent years of oversight work relating to DOL's UI program.

Investigations

Two high-ranking United Auto Workers (UAW) officials pleaded guilty to conspiring with other UAW officials to embezzle over \$1 million of UAW dues money and to defraud the United States by evading the payment of taxes. ([USAO ED-MI 03/02/20](#))

The former president of the international UAW union was charged in a criminal information with conspiring with other UAW officials to embezzle UAW dues money, to further racketeering activity, and to evade taxes. ([USAO ED-MI 03/05/20](#))

The former owner of a California medical clinic was sentenced to 37 months in federal prison for causing bills to be submitted to health care benefit programs for unnecessary – and sometimes nonexistent – sleep studies. ([USAO CD-CA 03/05/20](#))

An Illinois woman was convicted of mail fraud in a worker's compensation scheme. ([USAO CD-IL 03/09/20](#))

A Louisiana doctor was sentenced to 18 months in prison and ordered to pay a \$50,000 fine and a \$100 special assessment. ([USAO MD-LA 03/12/20](#))

A California woman was sentenced to 12 months in prison for committing health care fraud and making false statements relating to health care matters. ([USAO ND-CA 03/16/20](#))

A California woman was sentenced to six years and three months in prison and ordered to pay \$773,733 in restitution for her role in a scheme to defraud the State of California by filing false UI claims. ([USAO ED-CA 03/20/20](#))

A senator and former mayor of the municipality of Yauco, Puerto Rico, was found guilty of 23 counts of false statements and 5 counts of wire fraud. ([USAO D-PR 03/22/20](#))

Two New York pharmacies settled civil health care fraud claims for their submission of fraudulent claims for reimbursement to federal health care programs for compounded prescription drugs. The Defendants agreed to pay \$426,000. ([USAO SD-NY 04/02/20](#))

A Dominican national, previously residing in Boston, was sentenced to two years and one day in prison, and ordered to pay restitution of approximately \$17,198 to various utility and medical providers. ([USAO D-MA 04/16/20](#))



The Office of Inspector General serves the American workforce, the U.S. Department of Labor, and Congress by providing independent and objective oversight of departmental programs through audits and investigations, and by combating the influence of labor racketeering in the workplace.

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